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BIENNIAL BUDGET ESTIMATES FOR ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES FOR THE 1994-1995 BIENNIUM

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the draft report of the Executive Director of the United Nations Population Fund (UNFPA) in which she submits, pursuant to Regulation 9.3 of the Financial Regulations and Rules of the Fund, budget estimates of the administrative and programme support services (APSS) for the 1994-1995 biennium (DP/1993/35). During its consideration of the budget estimates, the Advisory Committee met with representatives of the Executive Director who provided additional information.

2. The Advisory Committee commends UNFPA for its efforts in improving the format and presentation of the budget document. However, the Committee reiterates its recommendation that the main text, summary and overview could be further merged to provide a more comprehensive and concise document with a view to achieving greater transparency and coherence. For example, in certain instances, the same information that is provided in the main text is also repeated in the introduction, overview, and summary sections of the document.

Income and expenditure

3. The 1992-1993 financial situation is given in paragraph 11 of the document. The Committee notes that UNFPA's regular resources income in 1992 was approximately $237 million, an increase of $13 million or 5.8 per cent over that of $224 million in 1991. Regular resources income for 1993 is estimated at $238 million, bringing the Fund's regular resources income for the 1992-1993 biennium to $475 million. As explained in paragraph 10 and shown in table 1, total resources including multi-bilateral funds of $29.3 million amount to

$504.3 million; total regular resources and multi-bilateral funds available for expenditure in 1992-1993 amount to $497.5 million ($461.5 million from regular resources and $36.0 million from multi-bilateral trust funds).

4. Table 1 of the document also shows projected total resources and utilization of resources in 1994-1995 at $600 million as compared to the corresponding estimated revised amount of $497.5 million for 1992-1993.

5. Total projected resources for the 1994-1995 biennium ($576 million of new regular resources and $30 million in multi-bilateral funds provided under trust fund arrangements), amount to $606 million. Added to this amount is a carry-over of $5 million from the unspent allocation of prior years, and a transfer of $11 million to the operational reserve, thus leaving an amount of $600 million of projected income and expenditure for the 1994-1995 biennium.

6. Of the $576 million regular resources income expected for the 1994-1995 biennium, as shown in paragraph 9, an amount of $281 million is expected in 1994 and $295 million in 1995, reflecting an average annual increase of approximately 10.1 per cent over the estimate for regular resources for 1992-1993 of $475 million.

7. The APSS budget for 1994-1995 is estimated at $120.1 million (gross) and $113.1 million (net), taking into account credits of $7 million to be earned by UNFPA and applied to the APSS budget.

8. As stated in paragraph 8 and the footnotes to table 1 of the document, the $7 million in credits is derived from support costs charged by and procurement assistance provided by UNFPA. On the other hand, as stated in paragraph 13 of the report, under the recently approved successor support cost arrangements (decision 91/37), UNFPA reimburses executing agencies for technical support services (TSS) and for administrative and operational services (AOS) costs under the budgetary provisions for programme expenditure.

9. Table 1 shows the total APSS budget of $120.1 million under general resources including $66.6 million for Headquarters and $53.5 million for the field, less $7 million in credits earned by UNFPA, for a total of $113.1 million. Programme expenditure under general resources is shown as $451.9 million while $35 million is shown for trust fund project expenditure and related support costs.

10. Paragraph 10 of the document states that the ratio of the 1994-1995 APSS budget of $120.1 million (gross) and $113.1 (net) to total UNFPA resources of $606 million ($576 million of new regular resources and $30 million of multi-bilateral funds) is 19.8 per cent on a gross basis and 18.7 per cent on a net basis; the ratio of the APSS budget of $120.1 million (gross) and $113.1 million net to total UNFPA projected expenditure of $600 million is 20 per cent on a gross basis and 18.9 per cent on a net basis.

11. Notwithstanding the efforts made to curtail administrative costs as mentioned in paragraph 7 of the document, in the opinion of the Advisory Committee, the present ratio of administrative costs to programme delivery is still on the high side.

Staffing proposals

12. The total number of existing established posts is 801. A breakdown of these posts is given in paragraph 16 of the document. For the 1994-1995 biennium, the Executive Director is proposing an increase of 36 additional established posts for a total of 837 as summarized in paragraph 24 of the document.

13. The Advisory Committee notes that within the context of the Secretary-General's efforts for system-wide restructuring, the Executive Director has downgraded the following three senior-level posts at headquarters: one ASG post to the D-2 level; one D-2 post to the D-1 level and one D-1 post to the P-5 level.

14. For reasons given in paragraph 22, and in keeping with UNFPA's efforts to strengthen its field capability, the Executive Director is proposing the transfer of two headquarters Programme Officer posts to the field in 1995. The related volume decrease in the estimated common staff costs for headquarters as a result of the transfer of these two posts as well as the downgrading of the three posts mentioned above, is given as $0.1 million (para. 52).

15. For reasons given in paragraphs 18 and 19, the Executive Director intends to establish an office in Eritrea in 1995 in support of the Secretary-General's efforts for a unified presence in that area. Consequently, the Executive Director is proposing the establishment, at the P-5 level, of a Country Director post in Eritrea, together with four national staff consisting of one National Programme Officer, one National Programme/Finance Assistant, one secretary and one driver.

16. As shown in paragraph 21 of the document, of the 35 new local field posts proposed for the 1994-1995 biennium (including 4 in Eritrea), 12 are National Programme Officer posts (3 in Africa, 1 in Arab States and 8 in Asia and the Pacific) and 23 are General Service posts (17 in Africa, 4 in Asia and the Pacific, and 2 in Latin America and the Caribbean).

17. For reasons given in paragraph 23 the Executive Director is proposing the reclassification of six Country Director posts from the P-5 level to the D-1 level and six International Programme Officer posts from the P-3 to the P-4 level.

18. As stated in paragraphs 60 and 62, the proposed salary estimate for established posts in Programme IV (field offices) is $23.3 million, while the estimated common staff costs are $13.3 million. This includes a proposed volume increase in salaries of $0.5 million and a volume increase in common staff costs of $0.4 million to accommodate the cost (for 12 months) of the staffing proposals as outlined in paragraphs 15 to 17 above.

19. While the Advisory Committee does not interpose any objection to the Executive Director's staffing proposals per se, and while additional information provided to the Committee indicates that criteria for the establishment of a Country Director office as well as for the reclassification of posts from the P-5 level to the D-1 level and from the P-3 level to the P-4 level have been

followed, the Advisory Committee points out that the budget document itself provides insufficient justification for these modifications.

Office automation and Management Information Systems (MIS) strategy

20. Office automation and management information systems strategy are discussed in paragraphs 25 to 32 of the report. The Executive Director's proposals for office automation and management information systems are targeted towards strengthening the programme development capacity of the Fund; the specific objectives of the MIS strategy are listed in paragraph 25 of the report. The Executive Director's proposals for this purpose amount to approximately $2.8 million for the biennium 1994-1995. As indicated in the report, UNFPA intends to spend $2.4 million on office automation and $0.4 million to develop an integrated system that would enable staff concerned to have immediate access to financial and budgetary information.

21. The Advisory Committee notes that an in-depth study of the Fund's automation strategy, commissioned by UNFPA, found that there had been a significant increase in both the quantity and quality of the work performed by UNFPA staff. The Committee trusts that further enhancement and integration of office automation systems and technology should result in greater efficiency and related savings in future bienniums.

22. The Executive Director's proposal for training and development in 1994-1995 amounts to $1.5 million, or an increase of 15.4 per cent over the $1.3 million approved for the 1992-1993 biennium. As indicated in paragraph 34, the proposal comprises $1.1 million earmarked for field activities and $0.4 million for headquarters. While noting the proposals outlined in paragraphs 35 to 37 with regard to UNFPA's proposed work programme for staff training and development in 1994-1995, the Advisory Committee trusts that adequate provision will be made for staff training related to the introduction of automated office technology.

Office accommodation

23. A matter not specifically outlined in the document but discussed in some detail was the subject of UNFPA accommodation at headquarters. From the information provided to the Committee, the Committee notes that UNFPA currently occupies approximately 75,000 square feet of space in the Daily News Building in New York City at the rate of approximately $41 per square foot (1993). The estimated cost for the 1994-1995 biennium, including utilities and maintenance etc., for these premises, should UNFPA continue to occupy them, is $6.5 million. The biennial cost of the office in Geneva is approximately $0.1 million.

24. The Advisory Committee believes that the question of UNFPA accommodation at headquarters is one that needs to be addressed at the present time, especially as the current lease in the Daily News building is due to expire at the end of 1995. Should UNFPA decide to continue in the same premises, not only would it need to negotiate the terms of a new lease as soon as possible, given the current "soft" market conditions, but it would also need to review the long-term implications of occupying taxable accommodation. In this regard, the Advisory Committee was informed that discussions are under way with the City of New York in an attempt to find a legal mechanism to alleviate the Fund's real estate tax

burden, and that the preliminary results of these discussions were expected by the end of the year.

25. The Advisory Committee recommends that UNFPA concurrently explore other possibilities for acquiring office accommodation at a competitive and favourable rental.